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PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997

THE SITUATION OF DEMOCRACY AND HUMAN RIGHTS IN HAITI

Programme budget implications of draft resolution A/51/L.77

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

A. Request contained in the draft resolution

1. By operative paragraphs 1, 2 and 3 of draft resolution A/51/L.77, the General Assembly would:

(a) Welcome the recommendation of the Secretary-General contained in his report (A/51/935) to renew the mandate of the joint participation of the United Nations with the Organization of American States (OAS) in the International Civilian Mission to Haiti (MICIVIH), with the tasks of: (i) providing technical assistance at the request of the Government of Haiti in the field of institution-building, such as the training of the police and support for efforts towards judicial reform and the establishment of an impartial judiciary; (ii) supporting the development of a programme for the promotion and protection of human rights in order to further the establishment of a climate of freedom and tolerance propitious to the consolidation of long-term constitutional democracy in Haiti and to contribute to the strengthening of democratic institutions; and (iii) verifying full observance by Haiti of human rights and fundamental freedoms;

(b) Decide to authorize, on the basis of the above recommendation, the renewal of the mandate of the United Nations component of MICIVIH until 31 December 1997, according to the terms of reference and modalities under which the Mission is operating;

(c) Request the Secretary-General to continue to develop appropriate means to identify resources for the Mission within the limits of the approved budget for the current biennium.

B. Relationship of the proposed request to the medium-term plan for the period 1992-1997

2. The above request is related to subprogramme 1, Good offices, preventive diplomacy and peacemaking, of programme 1, Good offices, preventive diplomacy, peacemaking, peacekeeping, research and the collection and analysis of information, of the medium-term plan for the period 1992-1997, as revised.[1]

C. Activities by which the proposed request would be implemented

3. Under the terms of draft resolution A/51/L.77, the mandate of the joint participation of the United Nations with OAS in MICIVIH would be renewed and the mandate of the United Nations component of the Mission would be extended until 31 December 1997. The Mission would continue to include a United Nations and an OAS contingent of personnel.

4. As indicated in the report of the Secretary-General (A/51/935), the responsibilities of MICIVIH during its next mandate period would be to support effectively the expected judicial reform efforts as well as to contribute to institution-building and the strengthening of democracy, through technical assistance and through its monitoring and human rights and civic education activities.

5. The current authorized staffing of the United Nations component of the Mission consists of 116 staff, comprising 32 international staff, headed by a Deputy Executive Director and Chief of Section on Judicial Affairs and Institution-building at the D-1 level, 80 staff at the local level and 4 United Nations Volunteers. This is shown in the table below.

6. The Mission's staffing would be supplemented by experts on judicial reform, institution-building and civic education; and the continuation of the activities of the Ombudsman's Office.

Table

Current and proposed staffing table for the period from 1 August to 31 December 1997

	Professional category and above						General Service and other						
	D-1	P-5	P-4	P-3	P-2/1	Total	FS	GS (OL)	Total	Total international	UNV	Local	Grand total
Substantive divisions													
Judicial Affairs and Institution-building	1	-	1	2	-	4	-	-	-	4	1	2	7
Promotion and protection of human rights	-	-	-	3	-	3	-	-	-	3	1	-	4
Evaluation unit	-	-	-	1	1	2	-	-	-	2	1	-	3
Regional offices	-	-	5	12	2	19	-	-	-	19	1	-	20
Secretariat	-	-	-	-	-	-	-	1	1	1	-	12	13
Administrative support	-	-	-	1	-	1	2	-	2	3	-	66	69
Total	1	-	6	19	3	29	2	1	3	32	4	80	116

D. Additional requirements for 1997

7. Should the General Assembly adopt draft resolution A/51/L.77, the additional requirements for the extension of the mandate of the International Civilian Mission for the period from 1 August to 31 December 1997, at its present level, would amount to $2,585,100, net of staff assessment, as summarized below:

	United States dollars
Salaries and common staff costs	1 526 800
Mission subsistence allowance	427 900
Travel of staff	23 800
Consultants	172 700
United Nations Volunteers	86 500
Rental and maintenance of premises	78 700
Vehicle operations	92 600
Communications	27 500
Public information and education programme	124 800
Miscellaneous supplies and services	18 800
Freight and related costs	5 000
Total	2 585 100

8. The detailed breakdown of the cost estimates for the period from 1 August to 31 December 1997 is contained in annex I to the present document. The Mission's specific cost parameters are contained in annex II. Additional supplementary information on the estimates is contained in annex III.

9. The estimates indicated above and detailed in the annexes to the present document have been made on the assumption that a peacekeeping presence would continue and that administrative backstopping would therefore continue to be provided to MICIVIH. Should this assumption not prove to be so, it may be necessary to re-examine MICIVIH's requirements for backstopping and to report accordingly to the General Assembly at its fifty-second session.

E. Contingency fund

10. As the activities relating to MICIVIH are of an extraordinary nature, they should continue to be dealt with, as was done on previous occasions, outside the procedures related to the contingency fund, as provided for in paragraph 11 of annex I to General Assembly resolution 41/213 of 19 December 1986.

F. Potential for absorption

11. No provision has been made in the proposed programme budget for the biennium 1996-1997[2] under section 3, Peacekeeping operations and special missions, to cover the 1997 net additional requirements of $2,585,100 related to the activities of MICIVIH.

12. Should the General Assembly decide to adopt draft resolution A/51/L.77 and extend the mandate of the Mission for a further period of five months through 31 December 1997, the estimated requirements for that extension would amount to $2,585,100 net of staff assessment.

13. The Secretary-General believes that it would be possible to absorb the additional cost of $2,841,300 gross within the totality of the revised budget appropriation of $2,603,280,900 for the biennium 1996-1997 given the fact that the United States dollar has appreciated to a significant extent since December 1996.

G. Action required by the General Assembly

14. Should the General Assembly adopt draft resolution A/51/L.77, the Secretary-General would request the authority to enter into commitments in an amount not to exceed $2,585,100 under section 3 of the programme budget for the biennium 1996-1997. Commitment authority of $256,200 would also be required under section 32, Staff assessment, offset by the same amount under income section 1, Income from staff assessment.

15. The related requirements will be reflected in the context of the second performance report of the programme budget for the biennium 1996-1997, to be presented to the General Assembly at its fifty-second session.

Notes

[1] Official Records of the General Assembly, Forty-seventh Session, Supplement No. 6 and corrigendum (A/47/6/Rev.1 and Corr.1), vol. I.

[2] Ibid., Fiftieth Session, Supplement No. 6 (A/50/6/Rev.1).

Annex I
Cost estimates for the period from 1 August to 31 December 1997

(Thousands of United States dollars)

		1 August to 31 December 1997			
		Prior period (1)	*Total costs (2)=(3)+(4)*	*Non-recurrent costs (3)*	*Recurrent costs (4)*
1.	**Military and civilian personnel costs**				
	(a) Military observers	–	–	–	–
	Mission subsistence allowance	–	–	–	–
	Travel costs	–	–	–	–
	Clothing and equipment allowance	–	–	–	–
	Death and disability compensation	–	–	–	–
	Subtotal	–	–	–	–
	(b) Civilian police				
	Mission subsistence allowance	–	–	–	–
	Travel costs	–	–	–	–
	Clothing and equipment allowance	–	–	–	–
	Subtotal	–	–	–	–
	Total, line 1	–	–	–	–
2.	**Personnel costs**				
	(a) International and local staff				
	International staff salaries	1,296.0	964.1	–	964.1
	Local staff salaries	140.0	100.0	–	100.0
	Consultants	187.5	172.7	–	172.7
	Common staff costs	625.4	462.6	–	462.6
	Mission subsistence allowance	593.0	427.9	–	427.9
	Other travel costs	12.7	23.8	–	23.8
	Subtotal	**2 854.6**	**2 151.1**	–	**2 151.1**
	(c) United Nations Volunteers	121.1	86.5	–	86.5
	Subtotal	**121.1**	**86.5**	–	**86.5**
	Total, line 2	**2 975.7**	**2 237.6**	–	**2 237.6**

		1 August to 31 December 1997		
	Prior period (1)	Total costs (2)=(3)+(4)	Non-recurrent costs (3)	Recurrent costs (4)
3. Premises/accommodation				
Rental of premises	59 3	42.4	–	42.4
Alterations and renovations to premises	5.9	4.2	–	4.2
Maintenance services	3.6	3.0	–	3.0
Utilities	23.1	16.5	–	16.5
Total, line 3	**91.9**	**66.1**	**–**	**66.1**
4. Transport operations				
Spare parts, repairs and maintenance	76.2	54.5	–	54.5
Petrol, oil and lubricants	46.8	33.8	–	33.8
Insurance	4.4	4.4	–	4.4
Total, line 4	127.4	92.7	–	92.7
5. Communications				
(a) Complementary communications				
Communications equipment	–	–	–	–
Spare parts and supplies	4.5	4.5	–	4.5
Workshop and test equipment	–	–	–	–
Commercial communications	32.2	23.0	–	23.0
Subtotal	**36.7**	**27.5**	**–**	**27.5**
(b) Main trunking contract	–	–	–	–
Total, line 5	**36.7**	**27.5**	**–**	**27.5**
6. Supplies and services				
(a) Miscellaneous services				
Contractual services	7.0	5.0	–	5.0
Security services	17.6	12.6	–	12.6
Subtotal	**24.6**	**17.6**	**–**	**17.6**

	Prior period (1)	1 August to 31 December 1997 Total costs (2)=(3)+(4)	Non-recurrent costs (3)	Recurrent costs (4)
(b) Miscellaneous supplies				
Stationery and office supplies	4.2	3.0	–	3.0
Medical supplies	4.2	3.0	–	3.0
Sanitation and cleaning materials	2.1	1.5	–	1.5
Subscriptions	3.5	2.5	–	2.5
Electrical supplies	3.5	2.5	–	2.5
Miscellaneous supplies	1.8	1.3	–	1.3
Subtotal	**19.3**	**13.8**	–	**13.8**
Total, line 6	**43.9**	**31.4**	–	**31.4**
7. Public information programmes				
Public information production costs	124.8	124.8	–	124.8
Total, line 7	**124.8**	**124.8**	–	**124.8**
8. Air and surface freight				
Commercial freight and cartage		5.0	–	5.0
Total, line 8		**5.0**	–	**5.0**
9. Staff assessment	365.9	256.2	–	256.2
Total, lines 1–9	**3 766.3**	**2 841.3**	–	**2 841.3**
10. Income from staff assessment	365.9	256.2	–	256.2
11 Voluntary contributions	–	–	–	–
Total, lines 10–11	365.9	256.2	–	256.2
Gross requirements	3 766.3	2 841.3	–	2 841.3
Net requirements	3 400.4	2 585.1	–	2 585.1
Total resources	3 400.4	2 585.1	–	2 585.1

ANNEX II

Supplementary information on the cost estimates for the period from 1 August to 31 December 1997

Mission-specific cost parameters

Description	Previous submission	Proposed estimates: Average strength	Proposed estimates: Unit or daily cost (United States dollars)	Proposed estimates: Monthly cost (United States dollars)	Explanation
1. Mission subsistence allowance					
(a) First 30 days					
D-1	142.60		142.60		
Others	124.00		124.00		
(b) After 30 days					
D-1	100.10		100.10		
Others	87.00		87.00		
2. Travel costs (round-trip)					
(a) Air					
Military personnel					
Civilian police					
Staff	750.00		750.00		Airfare and excess baggage
(b) Daily subsistence allowance					
New York	202.00		202.00		
Port-au-Price	135.00		135.00		
3. Civilian personnel					
International staff	32	32			
Local staff	80	80			
United Nations Volunteers	4	4		4 325.00	Per United Nations Volunteer
4. Premises					
(a) Rental					
Headquarters	12 500.00			12 500.00	Rental of premises is shared between United Nations and Organization of American States (OAS) on a 50-50 basis
Cap Haitien	1 500.00			1 500.00	
Gonaives	600.00			600.00	
Jacmel	800.00			800.00	
Hinche	850.00			850.00	
Jeremie	700.00			700.00	
(b) Minor alterations	1 695.00			1 695.00	Shared with OAS on 50-50 basis

Description	Previous submission	Proposed estimates: Average strength	Proposed estimates: Unit or daily cost (United States dollars)	Proposed estimates: Monthly cost (United States dollars)	Explanation
(c) Security services	420.00			420.00	Cost for six locations, headquarters and field
5. Maintenance services					
Cleaning services	4 200.00			4 200.00	Shared with OAS on a 50-50 basis
6. Utilities					
Electricity and water	500.00			500.00	Shared with OAS on a 50-50 basis
Generator fuel	200.00			200.00	Shared with OAS on a 50-50 basis
7. Transport operations					
Maintenance of vehicles	33 vehicles at $330 each per month	33		330.00	Monthly cost per vehicle
Petrol	$0.95 per vehicle per day at 6.9 gallons per vehicle		0.95		Daily cost per vehicle per day at 6.9 gallons per vehicle per day
Oil and lubricants	2 per cent of petrol costs				10 per cent of petrol costs
Insurance	$145 per vehicle			145.00	Rate per vehicle per annum at $350 each prorated during the mandate period
8. Commercial communications					
Inmarsat transponder lease	1 600.00			1 600.00	Assumes sharing of cost with a peacekeeping presence in Haiti
Spare parts and supplies	900.00			900.00	
Local telephone charges	3 000.00			3 000.00	
9. Miscellaneous services					
Sanitation, waste management garbage removal, etc.	500.00			500.00	
Other miscellaneous services	500.00			500.00	Rental of photocopying, bank charges

ANNEX III

International Civilian Mission in Haiti: supplementary information on the cost estimates for the period from 1 August to 31 December 1997

	Estimates required for 1997 (United States dollars)
A. Personnel costs	
Salaries and common staff costs	1 526 800
The requirements relate to salaries and common staff costs for the continuation of 32 international staff ($1,375,100) shown in the table, consisting of 29 staff in the Professional and higher categories, one in the General Service and two in the Field Service categories. Salaries and common staff costs of 80 local staff, estimated at $303,400, would be shared between the United Nations and OAS on an equal basis. The United Nations share of salaries and common staff cost of local staff would amount to $151,700.	
Mission subsistence allowance	427 900
The estimated requirements relate to the payment of mission subsistence allowance to the 32 international staff, at the rate of $87 per day for 153 days, subject to a supplement of 15 per cent for the Deputy Executive Director (D-1 level).	
Travel of staff	23 800
Provisions are made for other official travel of staff between New York and the Mission area for liaison meetings and consultations. The calculation is based on five journeys during the five-month period at an average cost of $750 per round trip New York/Port-au-Prince/New York ($3,800) and daily subsistence allowance for five days per trip at $135 per day ($3,400); and five round trips between Port-au-Prince/New York/Washington/New York for consultation meetings in New York and Washington ($3,800), plus daily subsistence allowance for five days per trip at $202 per day ($5,100). An assessment team consisting of three staff is expected to visit the Mission area for a period of two weeks. Estimates are based on an average cost of $750 per round trip between New York/ Port-au-Prince/New York and daily subsistence allowance at $135 per day.	

	Estimates required for 1997 (United States dollars)
Consultants	172 700

For the next mandate period, the Mission would continue to need specialized expertise in the fields of judicial reform, juvenile justice; detention of women; crime prevention and conflict resolution; criminal investigation; and prosecution of past human rights violations; and an ombudsman. Provision is made for six international consultants for 60 days each, at an average fee of $250 per day ($90,000). Subsistence allowance is estimated at $135 per day for the first 30 days and $87 per day thereafter ($40,000) and six round-trip journeys between New York and Port-au-Prince at $750 ($4,500). The services of one local consultant expert in constitutional rights and criminal law who is able to express legal terminology in Creole will also be required during the mandate period. Remuneration fees are estimated at $38,200.

United Nations Volunteers	86 500

The provision relates to four United Nations Volunteers acting as human rights observers, at an average cost of $4,325 per Volunteer per month for five months.

Total personnel costs	2 237 700

B. Operational costs

Rental and maintenance of premises	78 700

Provisions for rented premises ($84,800) relate to the rented premises at Port-au-Prince ($62,500) and five regional offices ($22,300). The monthly rates are indicated in annex II above. In accordance with the terms of the memorandum of understanding with OAS, the United Nations will be required to pay 50 per cent, or $42,400, of the total rental cost. Renovation and monthly maintenance of the premises are estimated at 10 per cent of the rental cost, or $8,500, and cleaning services are estimated at $200 per month per location, or $6,000 for six rented premises. The total cost, amounting to $14,500 will be shared between the United Nations and OAS on an equal basis, the United Nations share being $7,250. Utilities are estimated at $32,900, including the cost of generator fuel. The total cost will be shared between the United Nations and

	Estimates required for 1997
	(United States dollars)

OAS on an equal basis. The United Nations share would thus amount to $16,450. Provisions for miscellaneous services contracts relate to local security services required on a 24-hour basis ($12,600).

Rental and maintenance of vehicles — 92 600

Provision is made for vehicle spare parts, regular maintenance and repairs for the 30 United Nations-owned vehicles and 3 OAS vehicles ($54,500), at an estimated cost of $330 per vehicle per month calculated for five months. Petrol is estimated at 6.9 gallons per vehicle per day for 153 days at $0.95 per gallon ($33,100) and oil and lubricants are estimated at 2 per cent of the fuel costs ($700). Provision is also made for the cost of third-party liability insurance to cover the fleet of 30 United Nations vehicles based on an annual premium per vehicle of $250, prorated for five months, or $145 per vehicle ($4,400). OAS will be responsible for arranging for insurance for its own vehicles.

Communications — 27 500

Provision is made for charges related to ultra-high-frequency network (UHF), including repeater and site leases ($8,000); telephone ($15,000); and spare parts and supplies ($4,500).

Public information and human rights education programme — 124 800

The total estimated cost of the public information and human rights education programme is $249,600 and relates to training seminars and workshops on human rights and civic education; production and publication of materials in Creole and French; production of radio and television programmes on human rights issues, etc. The cost will be shared between the United Nations and OAS on a 50-50 basis, the United Nations share being $124,800.

	Estimates required for 1997
	(United States dollars)
Miscellaneous supplies and services	18 800

Requirements for miscellaneous supplies and services are estimated at $18,800 for five months. They relate to the following: contractual services in respect of sanitation and waste management, garbage removal, emptying septic tanks and other sewage management ($2,500); other miscellaneous services, including bank charges ($2,500); stationery and office supplies ($3,000); sanitation and cleaning materials ($1,500); medical supplies ($3,000); electrical supplies ($2,500); subscription to newspapers and periodicals ($2,500); and other miscellaneous supplies ($1,300).

Freight and related costs	5 000

Provision is made for freight charges related to the shipment of various types of documentation, including clearing costs. The estimates are calculated at $1,000 per month for five months.

Total operational costs	347 400
Grand total	2 585 100

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HUMAN RESOURCES MANAGEMENT: IMPLEMENTATION OF THE SECRETARY-GENERAL'S STRATEGY FOR THE MANAGEMENT OF THE ORGANIZATION'S HUMAN RESOURCES AND OTHER HUMAN RESOURCES MANAGEMENT ISSUES

Implementation of the Performance Appraisal System

Report of the Secretary-General

I. BACKGROUND

1. The General Assembly, by its resolutions 47/226 of 8 April and 48/218 A of 23 December 1993, requested the Secretary-General, inter alia, to establish, as part of an overall system of accountability and responsibility, an objective-based performance appraisal system for all officials.

2. In the context of the Secretary-General's strategy for the management of the human resources of the Organization (A/C.5/49/5), which was endorsed by the General Assembly, plans were set forth for establishment of the new Performance Appraisal System (PAS), based on establishing work plans and linking individual performance to overall work unit plans and organizational goals.

3. By its resolution 49/222 A of 23 December 1994, the General Assembly approved the proposals of the Secretary-General for implementation of the PAS and requested that efforts be made to implement those proposals and to ensure that the system be implemented from 1 April 1996.

4. In its resolution 51/226 of 3 April 1997, the General Assembly requested, inter alia, that the Secretary-General report on the findings of the review of the first cycle of the PAS. Accordingly, in response to that request, the present report contains a review of the first full year of implementation of the System, as well as proposals for improving the System on the basis of lessons learned.

II. OBJECTIVES

5. In line with the objectives of the Secretary-General's human resource strategy, the PAS was conceived as one element of the overall efforts to introduce into the global Secretariat a result-based culture of performance that would enable all staff members to contribute to their maximum potential and respond effectively and efficiently to meet the rapidly evolving needs of the Organization.

6. The PAS is based on performance management principles that have been recommended for the United Nations common system by the International Civil Service Commission. The overall objective of the System is to improve both individual and organizational performance by encouraging greater staff participation in the planning, delivery and evaluation of work and enhancing responsibility and accountability of both staff and managers. It is important to stress that performance appraisal is not an end in itself, but rather one element in an overall process of performance management, in which both staff and managers have a role to play.

7. Managers are expected to provide the framework for performance management by developing work plans for their department, office or work unit and by helping staff set goals linked to the overall work unit plans. They must also agree with staff, at the beginning of the performance cycle, on the priorities and expected standards of performance and subsequently monitor performance, provide ongoing feedback and assess performance on the basis of previously agreed upon criteria. Effective performance management also requires that managers work to develop staff and improve their performance, as well as recognize and reward their contributions. At the same time, staff are expected to participate in the goal-setting process, engage in ongoing dialogue about performance with their supervisors, work to improve their performance, seek out development opportunities and participate in realistic self-appraisal at the end of the performance cycle.

8. Firmly establishing an effective performance management system is seen as a long-term endeavour, requiring significant organizational culture change and new ways of thinking on the part of both staff and managers. For this reason, the PAS was approached in an integrated manner by introducing, along with the PAS, new programmes to provide career support, develop managerial/supervisory skills and promote attitudinal change. It was foreseen that transition to the new system would take time and that, during the initial transitional period, adjustments would need to be made in the light of experience. Accordingly, feedback has been sought from all departments and offices, as well as from staff associations, concerning the first year's experience. Through this process, valuable data have been gathered that will be utilized to improve and simplify the process.

III. SYSTEM DEVELOPMENT AND TRAINING

9. The PAS system was developed in consultation with managers and the Staff Management Coordination Committee. It was initially pilot tested in seven

departments or offices of the Secretariat and revised in the light of the feedback from pilot participants. Redesign of the new PAS was finalized in January 1995. The procedures governing the system are set out in the administrative instruction of 18 September 1995 (ST/AI/411 and Corr.1).

10. A major programme of training in the PAS took place throughout the Secretariat prior to the launching of the new system. It aimed to build awareness of the principles underlying the system as well as its procedures. The majority of Professional staff received PAS training in 1995. General Service staff training had been scheduled for completion at all major duty stations by mid-1996; however, the special financial measures instituted in late 1995, which limited travel and hiring of trainers, resulted in some PAS training being delayed until the second quarter of 1996. Nevertheless, virtually all training for some 11,000 staff members in all major duty stations was completed by mid-1996. During the second half of 1996 and early 1997, training was conducted for established missions and multinational programming and operational planning centres. In addition, a PAS training video was developed and distributed to assist staff in United Nations information centres and other small offices, as well as staff who may have missed the initial training, and for use in the orientation of new staff members.

11. The PAS training continues to be complemented by other capacity-building staff development programmes, including an extensive programme of people management training. Over the past year and a half some 750 staff members in the global Secretariat have participated in the people management programme, including some 95 per cent of D-2 and D-1 staff at all duty stations and a significant number of P-4s and P-5s, Secretariat-wide. Two special seminars were held for Under-Secretaries-General and Assistant Secretaries-General. Additional complementary programmes, designed and implemented in the past 18 months, include training in negotiation skills and conflict resolution, special development programmes for successful G to P and national competitive entry candidates, supervisory skills training for senior General Service and Junior Professionals with supervisory responsibilities and a programme on General Service effectiveness.

IV. IMPLEMENTATION STATUS

12. PAS implementation commenced in 22 departments and offices, throughout the Secretariat, in 1996. Implementation delays in some departments were a direct result of the special financial measures instituted in late 1995 during the financial crisis. Consequently, PAS training in some duty stations was delayed until the second quarter of 1996. Implementation cycles for some departments and offices were also affected by ongoing restructuring and changes in leadership.

13. Despite these obstacles, monitoring reports indicate that the majority of departments and offices prepared work plans, conducted mid-year reviews and have either completed or are in the process of completing end-of-year appraisals. In instances where there has been a delay in PAS implementation, those offices have been authorized to continue using the Performance Evaluation Report (PER) until the PAS is implemented in the course of 1997.

14. Terms of reference have been established for the three monitoring bodies that were agreed upon in the course of staff management consultations. These include the departmental Management Review Committees, the Joint Monitoring Committees and the Global Joint Monitoring Committee. The Management Review Committees and Joint Monitoring Committees have been constituted in most departments and offices. The role of the Management Review Committees is the ongoing line management oversight of work planning and progress in PAS implementation. The Joint Monitoring Committee is a joint staff-management mechanism at the department or office level that monitors and reviews implementation of the PAS by the department or office concerned in respect of timeliness of the process, compliance with procedures, and overall results. The role of the Global Joint Monitoring Committee, which is a subsidiary body of the Staff Management Coordination Committee, is to review overall implementation and examine global policy issues. It is intended that the joint staff-management bodies would function to support institutionalization of the PAS for the first three years, after which the necessity of maintaining these mechanisms would be reviewed.

V. FEEDBACK FOLLOWING ONE FULL YEAR OF IMPLEMENTATION

15. As was envisaged, at the end of the first full year of PAS implementation, feedback was sought from line managers regarding lessons learned, specific concerns and recommendations to ensure that an enhanced PAS serves the Organization as an efficient, effective performance management and staff development tool. Managers were asked to incorporate the views of their staff in their responses. In addition, observations of the first year's experience were also sought from staff associations, Secretariat-wide.

16. Feedback responses were received from the Department for Economic and Social Information and Policy Analysis, the Department of Political Affairs, the Department for Policy Coordination and Sustainable Development, the Department for Development Support and Management Services, the Office of Legal Affairs, the Department of Peacekeeping Operations, the Department of Public Information, the Office of Internal Oversight Services, the Office of Human Resources Management, the Office of Conference and Support Services, the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations International Drug Control Programme, the United Nations Office at Nairobi, the United Nations Environment Programme, the United Nations Centre for Human Settlements (Habitat), the United Nations Conference on Trade and Development, the Economic and Social Commission for Western Asia, the Economic Commission for Africa, the Economic Commission for Latin America and the Caribbean, and the Economic and Social Commission for Asia and the Pacific, and from the staff associations of the United Nations Centre for Human Settlements (Habitat), the Economic and Social Commission for Western Asia, the United Nations Peacekeeping Force in Cyprus, the United Nations Environment Programme, the Economic Commission for Latin America and the Caribbean, the Economic and Social Commission for Asia and the Pacific, the United Nations Office at Vienna and the United Nations Office at Geneva. Further feedback was provided by all staff associations during the twenty-first session of the Staff Management Coordination Committee, held in June 1997. At that time, an extensive exchange of views took place concerning the benefits of the new system and the obstacles

encountered, and it was agreed that the system would be simplified in the light of feedback given.

17. In general, the feedback received from both management and staff indicates that, while the value of the overall concepts and principles on which the system is based was widely recognized, significant obstacles were also encountered, often related to the processes, which were perceived to be complex and burdensome. Many also commented that the system was being introduced into an unwelcoming organizational environment, characterized by severe financial constraints, restructuring and consequent changes in leadership and priorities.

18. Among the positive aspects of the PAS system observed by both programme managers and staff representatives were:

(a) The overall concepts of work planning, ongoing monitoring, feedback and appraisal and their potential contribution to the development of a performance-based management culture;

(b) The fact that it provided some individual staff with a better understanding of how their performance was linked to the overall department/ office work priorities;

(c) That the process provided a mechanism for delegation and holding staff accountable for established goals;

(d) That the PAS encouraged managers to provide structured feedback at least twice a year;

(e) That the system facilitated a discussion on individual staff development needs;

(f) That the mid-year review provided an opportunity to revise targets and/or plan remedial action;

(g) The fact that appraisals were based on pre-established performance expectations and not ex post facto evaluation as in the past;

(h) That the PAS required managers to formulate plans and provide direction to their staff.

19. On the other hand, a substantial number of obstacles were noted. Those most frequently cited include:

(a) Complexity of the forms, cumbersome and time-consuming processes;

(b) Unsatisfactory, non-user friendly electronic version of the forms;

(c) Lack of clear understanding of some of the terms used (such as performance dimensions, benchmarks, etc.); belief that some language used in the forms and guidelines was confusing and jargonistic;

(d) Difficulty experienced by some in establishing work plans and goals for routine jobs, such as some of those in service areas, or in areas where priorities frequently change;

(e) Lack of a mechanism for performance rewards and sanctions linked directly to the PAS and unclear linkages between PAS, promotions and career prospects;

(f) Apparent resistance on the part of some managers to accept performance management as one of their key responsibilities; belief that managing staff takes too much time from performing substantive work;

(g) The need for greater managerial skill in work planning, coaching and providing feedback;

(h) Need for greater links between performance planning and budget planning;

(i) Department/office restructuring, frequent changes in leadership priorities, resulting in unclear structures and responsibilities.

20. Two frequently expressed concerns regarding the PAS warrant particular mention, as they are based on widely held misperceptions of the system. The first is that the PAS rating process is intended to impose a mandatory "bell curve". As indicated in the PAS guidelines, there is no predetermined rating distribution. Nevertheless, experience with many similar systems indicates that when staff are honestly and appropriately appraised, the vast majority are found to have "fully met expectations", while those who have consistently exceeded expectations or who have not adequately met expectations would naturally be small.

21. As the first full implementation cycle has recently concluded, information on the distribution spread for each department and office is being gathered. Based on the information received to date, the following distribution trend is discernible: rating 1, 8.2 per cent, rating 2, 34.4 per cent, rating 3, 55.9 per cent, rating 4, 1.4 per cent, and rating 5, 0.1 per cent. The rating distribution in the global Secretariat is being monitored, not to ensure conformity to a predetermined distribution curve, but rather to ascertain consistency of approach throughout the Secretariat.

22. A second misperception regarding the system has been the view that a goal-based system such as the PAS is appropriate only to corporate, business environments. It should be noted, however, that the International Civil Service Commission has recommended, as cornerstones of sound performance management, the principles of performance planning, goal setting and establishing mutual performance expectations, and ongoing monitoring and feedback. Similar goal-based systems are used in several organizations of the United Nations system, as well as in other public and private non-profit organizations and national civil services.

23. Widespread concern has been expressed about the amount of time the PAS requires. While some managers report having spent up to five or six hours per

staff member on PAS-related activities during the year, the amount of time required is expected to diminish as the process becomes simpler and better understood. Nevertheless, it is the Secretary-General's expectation that good managers would normally devote this amount of time to each staff member in the course of a year in planning work, setting goals, discussing progress, coaching and providing feedback, all essential aspects of the important process of managing staff performance. Establishing an organizational culture where managers take responsibility for making maximum use of their largest resource - their staff - will require that managers view time spent managing staff as an essential investment in building and sustaining the Organization's human resource capacity. A challenge, in this connection, is to ensure that performance management is not seen as a form-filling exercise, which becomes an end in itself, and to ensure that reporting structures are established that allow for a reasonable span of control for each manager.

24. Despite the obstacles, and in some cases the frustration, faced during the first year of implementation, the experience has served, more than ever before, to focus attention and to promote intense discussion of the principles of performance management and of individual and managerial accountability. Valuable experience has been gained and significant lessons learned. The process has highlighted the importance of work planning, the benefit of involving staff in goal setting and establishing performance expectations upfront. Many staff have appreciated the opportunity to be involved in their unit's work planning process, to receive structured performance feedback, as well as to discuss their own development with supervisors in a more systematic way. In some instances, the PAS process has forced managers to confront weaknesses in their reporting structures, lack of goal clarity, absence of explicit standards and insufficient attention paid to managing staff.

VI. MODIFICATION OF THE SYSTEM

25. While recognizing that significant simplifications and improvements to the system should now be made, it is considered important to retain the sound principles on which the system is based and to build on what have proven to be the most beneficial aspects of the system. In this context, it is intended that a refined and improved system will reflect the following changes:

(a) The steps in the process will be significantly reduced, ensuring that emphasis is shifted away from processes and procedures and placed on facilitating implementation of sound performance management principles;

(b) PAS forms and guidelines will be written in clear, straightforward, simple language, and made available in English, French and Spanish;

(c) A user-friendly electronic version of the form will be developed and made available to all staff;

(d) A performance management handbook will be developed that will provide guidance in setting goals for varied categories of staff;

(e) The planning cycle will be changed to two years, to coincide more closely with the budget cycle; two-year plans will be developed, subject to modifications as work mandates and priorities change; mid-year reviews will continue to be conducted every six months; and appraisals will be done on an annual basis;

(f) The existing narratives - "fully meets expectations", "frequently exceeds expectations" - will be used for appraisal, rather than numerical ratings;

(g) Proposals with respect to incentives and rewards linked to the PAS will be introduced for consideration by the General Assembly, pursuant to its request;

(h) Links between PAS, staff development and career support mechanisms will be strengthened;

(i) Further training will be made available for supervisors and managers to strengthen skills required for successful performance management, including team building, work planning, giving feedback and appraising.

VII. CONCLUSION

26. Despite a largely unwelcoming organizational environment and severe financial constraints, every effort has been made to implement both the letter and the spirit of the General Assembly resolution as it relates to the introduction of a new Performance Appraisal System. Significant progress has been made. A majority of departments and offices have implemented the new PAS, and the small number of departments and offices where PAS implementation has yet to begin are being monitored with a view to ensuring full compliance in the course of 1997.

27. It is foreseen that the proposed improvements to the system, combined with strengthened support and training to enhance skills and reinforce the necessary attitudinal and culture changes, will significantly advance the Organization toward realizing the long-term aim of establishing, throughout the Secretariat, a result-oriented culture of performance, in which the PAS system serves as an effective performance management and staff development tool.

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PATTERN OF CONFERENCES

Access to the optical disk system

Report of the Secretary-General

1. In section C, paragraph 4, of its resolution 51/211 of 18 December 1996, on the pattern of conferences, the General Assembly strongly urged the Secretary-General, as a matter of priority, to provide proposals to the Fifth Committee, at the first part of the resumed fifty-first session, in accordance with paragraph 3 of Assembly resolution 50/206 D of 23 December 1995, on facilitating access by developing countries to the optical disk system in all six official languages, taking into account the possible savings from reduced reproduction and distribution costs.

2. Since the establishment of the optical disk system in 1993, there has been an exponential growth in the number of users, first among the permanent and observer missions to the United Nations at Headquarters and then in government capitals. At the end of 1996, there were more than 2,300 users worldwide, with user availability to all Member States. Available on-line, seven days per week, are:

(a) All United Nations parliamentary documentation since 1993 in all official languages;

(b) Resolutions and decisions of the General Assembly, the Security Council, the Economic and Social Council and the Trusteeship Council since 1946;

(c) A number of official records of the four main bodies since 1946;

(d) Administrative issuances of the Secretariat.

3. In November 1996, access by Internet users to the optical disk system became available when a Web server interface was put into operation at

Headquarters. By 30 June 1997, all permanent missions had been connected to the Internet and had access through it to documents stored on the optical disk system, both for their own use and for electronic transmission to capitals.

4. It is planned to place a second Web server on-line in New York and refinements are under way to the access programme to facilitate the interface. Training in the use of the optical disk system is provided both on-line and directly to the community of users.

5. The present capacity of the system has made it possible to achieve two primary objectives: providing for a more economical and secure means for storing documents and reducing production of documents in hard copy.

6. Since documents in the optical disk system can be printed on demand to meet unforeseen requests for limited numbers of copies, stocks of documents in hard copy kept in storage at Headquarters have been reduced by half. Access to the system by internal Secretariat users has also made it possible to restrict substantially the internal distribution of documentation.

7. This streamlining of printruns for stock and internal distribution resulted in a 13 per cent reduction in the number of pages printed in New York in 1996, compared with 1995, and has allowed for staff reductions and lower expenditures in supplies.

8. Recently, the Distribution Section of Conference Services conducted a survey among permanent and observer missions in New York aimed at establishing new hard-copy document requirements taking into account electronic availability on the optical disk system. With a response rate of 55 per cent, the results indicate an overall reduction of 14 per cent in the number of copies missions wish to have distributed to them on issuance. This translates into a 5.2 per cent reduction in the total number of copies of parliamentary documents that must be printed.

9. It may be useful to note that responses from permanent missions varied widely. For example, two major recipients of documents requested that the number of copies supplied to them be reduced by 26 and 33 per cent, respectively, while a third made no changes to its order.

10. On the other hand, the availability of documents in the optical disk system and access to them via the Internet have not had a discernible effect on the number of copies of documents requested by delegations in conference rooms and at document counters at Headquarters.

11. While streamlining printruns, stocks and distribution patterns, the Secretariat has been careful to observe the approach taken in paragraph 3 of resolution 51/211 C, in which the General Assembly decided that, in the absence of an Assembly decision to the contrary, the use of such technologies as the optical disk system and the Internet should not constitute an alternative to traditional documents.

12. At present, optical disk access is provided free of charge to its users. These users are entirely governmental or intergovernmental entities. In theory,

the same access could be provided to many more governmental entities and in fact the Secretariat encourages all Member States to take advantage of access to the system. In practice, four major factors determine accessibility:

(a) Infrastructure. The optical disk system is accessible either via the Internet or through special, direct integrated services digital network (ISDN) telephone lines. Both require an infrastructure sufficiently developed to ensure support for the communications systems that would guarantee continuous and unimpeded access;

(b) Hardware and software availability and cost. Despite the claim that the Internet is free, it is not. Hardware, software, memory and networks are all expensive. There are commercial costs associated with providing in-country governmental access, even where appropriate communications infrastructures exist;

(c) Capacity of the system. The more users that exist for the system, the more hardware and software capacity is required within the United Nations. Otherwise, users may have to queue for intolerable lengths of time or be denied access. The Organization could expand its capacity to accommodate a large number of users, but this would require further capital expenditures that would not necessarily be offset by savings in other forms of document reproduction or distribution;

(d) Support for the system. At present, the staff and contractors who support the system and the users are fully occupied. While there is no direct correlation between the number of users and the number of support staff required, that is, more users may be accommodated without additional staff being needed, at some point expansion of the system would demand more staff support. Financing for this staff could not realistically be anticipated from the release of funds because of diminished document reproduction and distribution.

13. CD-ROM technology is considered to be a very economical supplemental manner by which the optical disk database could be distributed to interested users around the world. A facility to produce CD-ROMs directly from the optical disk system has been introduced and the first prototypes of CD-ROMs are expected to be ready in 1997. The CD-ROMs will have the same search and retrieval interface as the optical disk on the Internet. Users may then choose between one or the other to access United Nations documents without having to learn new functions or procedures.

14. Work on the development of a policy for the further expansion of the optical disk system is in progress. The project will be part of the Secretary-General's strategy to create an "electronic United Nations", announced in his report entitled "Renewing the United Nations: a programme for reform" (A/51/950, paras. 244-247). The establishment and development of the optical disk system and the use of the Internet to offer electronic access to documents and to the United Nations World Wide Web site are the foundation of a plan to offer information of higher quality, at a lower unit cost, to a vastly broader audience in every Member State.

15. In developing a specific policy for the optical disk system, the Secretary-General will be guided by the dual objectives of achieving further efficiencies in the dissemination of information and maintaining the most appropriate mix of electronic and hard-copy documentation services. Such a mix must, firstly, provide the means for Member States to participate effectively and in the official language of their choice in the work of intergovernmental bodies and, secondly, address the needs of groups in all countries that have been traditional recipients of information on the Organization and its activities, in particular non-governmental organizations, the press, libraries and educational and research institutions.

16. In this connection, the Secretary-General would appreciate the views of Member States and other current and potential users. Normative guidance will be expected from the General Assembly and technical and financial proposals, as required, will be submitted for its consideration.

ANNEX

List of States whose capitals have access to the optical disk system[a]

Algeria
Antigua and Barbuda
Argentina (also Foreign Ministry)
Armenia
Australia (also Foreign Ministry)
Austria (also Foreign Ministry)
Bangladesh (also Foreign Ministry)
Barbados (also Foreign Ministry
Belgium
Brunei Darussalam
Bulgaria (also Foreign Ministry)
Burkina Faso (also Foreign Ministry)
Canada (also Foreign Ministry)
Cape Verde
Chile
Colombia
Croatia
Cuba (also Foreign Ministry)
Czech Republic
Djibouti
Ecuador (also Foreign Ministry)
Egypt (also Foreign Ministry)
El Salvador (also Foreign Ministry)
Ethiopia (also Foreign Ministry)
Finland (also Foreign Ministry)
France
Germany (also Foreign Ministry)
Ghana
Greece
Guatemala
Haiti
Hungary (also Foreign Ministry)
India (also Foreign Ministry)
Indonesia (Geneva) (also Foreign Ministry)
Iran (Islamic Republic of) (also Foreign Ministry)
Israel
Italy (also Foreign Ministry)
Jamaica
Japan
Jordan (also Foreign Ministry)
Kazakhstan
Kenya
Kyrgyzstan (also Foreign Ministry)
Lao People's Democratic Republic
Lebanon (also Foreign Ministry)
Lesotho
Liechtenstein
Lithuania (also Foreign Ministry)
Malawi (also Foreign Ministry)
Malaysia
Malta
Mauritius
Mexico (also Foreign Ministry)
Mongolia (also Foreign Ministry)
Morocco (also Foreign Ministry)
Myanmar
Namibia
Nepal
Netherlands (also Foreign Ministry)
New Zealand (also Foreign Ministry)
Norway (also Foreign Ministry)
Pakistan (also Foreign Ministry)
Panama (also Foreign Ministry)
Papua New Guinea (also Foreign Ministry)
Paraguay
Peru
Philippines (also Foreign Ministry)
Poland (also Foreign Ministry)
Qatar
Romania
Russian Federation (also Foreign Ministry)
San Marino (also Foreign Ministry)
Saudi Arabia (also Foreign Ministry)
Singapore
Slovakia
Solomon Islands
South Africa (also Foreign Ministry)
Swaziland (also Foreign Ministry)
Sweden
Switzerland (also Foreign Ministry)
Thailand
Togo
Trinidad and Tobago (also Foreign Ministry)

[a] All permanent missions have access to the optical disk system.

Turkey
Ukraine (also Foreign Ministry)
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland (also Foreign Ministry)
United Republic of Tanzania
United States of America (also Foreign Ministry)
Uzbekistan
Venezuela
Yugoslavia (also Foreign Ministry)

UNITED NATIONS **A**

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PATTERN OF CONFERENCES

Access to the optical disk system

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* Reissued for technical reasons.

3. In November 1996, access by Internet users to the optical disk system became available when a Web server interface was put into operation at Headquarters. Since 30 June 1997, all permanent missions are connected to the Internet and through it can access documents stored on the optical disk system, both for their own use and for electronic transmission to capitals. Effective access requires the use of passwords that are issued to all missions and government offices on request (see annex).

4. It is planned to place a second Web server on-line in New York and refinements are under way to the access programme to facilitate the interface. Training in the use of the optical disk system is provided both on-line and directly to the community of users.

5. The present capacity of the system has made it possible to achieve two primary objectives: providing for a more economical and secure means for storing documents and reducing production of documents in hard copy.

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optical disk system and the Internet should not constitute an alternative to traditional documents.

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(b) Hardware and software availability and cost. Despite the claim that the Internet is free, it is not. Hardware, software, memory and networks are all expensive. There are commercial costs associated with providing in-country governmental access, even where appropriate communications infrastructures exist;

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and to the United Nations World Wide Web site are the foundation of a plan to offer information of higher quality, at a lower unit cost, to a vastly broader audience in every Member State.

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16. In this connection, the Secretary-General would appreciate the views of Member States and other current and potential users. Normative guidance will be expected from the General Assembly and technical and financial proposals, as required, will be submitted for its consideration.

ANNEX

List of States that have requested and have been issued passwords to access the optical disk system*

Algeria
Antigua and Barbuda
Argentina (also Foreign Ministry)
Armenia (also Foreign Ministry)
Australia (also Foreign Ministry)
Austria (also Foreign Ministry)
Bangladesh (also Foreign Ministry)
Barbados (also Foreign Ministry)
Belgium
Botswana (also Foreign Ministry)
Brunei Darussalam
Bulgaria (also Foreign Ministry)
Burkina Faso (also Foreign Ministry)
Canada (also Foreign Ministry)
Cape Verde
Chile
Colombia
Croatia
Cuba (also Foreign Ministry)
Czech Republic
Democratic Republic of the Congo (also Foreign Ministry)
Djibouti
Ecuador (also Foreign Ministry)
Egypt (also Foreign Ministry)
El Salvador (also Foreign Ministry)
Ethiopia (also Foreign Ministry)
Finland (also Foreign Ministry)
France
Germany (also Foreign Ministry)
Ghana
Greece (also Foreign Ministry)
Guatemala
Haiti
Hungary (also Foreign Ministry)
India (also Foreign Ministry)
Indonesia (Geneva) (also Foreign Ministry)
Iran (Islamic Republic of) (also Foreign Ministry)
Ireland (also Foreign Ministry)
Israel
Italy (also Foreign Ministry)
Jamaica
Japan
Jordan (also Foreign Ministry)
Kazakhstan
Kenya
Kyrgyzstan (also Foreign Ministry)
Lao People's Democratic Republic
Latvia (also Foreign Ministry)
Lebanon (also Foreign Ministry)
Lesotho
Liechtenstein
Lithuania (also Foreign Ministry)
Luxembourg
Malawi (also Foreign Ministry)
Malaysia
Maldives (also Foreign Ministry)
Malta
Mauritius
Mexico (also Foreign Ministry)
Mongolia (also Foreign Ministry)
Morocco (also Foreign Ministry)
Myanmar
Namibia
Nepal
Netherlands (also Foreign Ministry)
New Zealand (also Foreign Ministry)
Nicaragua
Nigeria
Norway (also Foreign Ministry)
Pakistan (also Foreign Ministry)
Panama (also Foreign Ministry)
Papua New Guinea (also Foreign Ministry)
Paraguay
Peru
Philippines (also Foreign Ministry)
Poland (also Foreign Ministry)
Portugal
Qatar
Republic of Moldova
Romania

* All permanent missions are linked to the optical disk system via the Internet.

Russian Federation (also Foreign Ministry)
Rwanda
San Marino (also Foreign Ministry)
Saudi Arabia (also Foreign Ministry)
Singapore
Slovakia
Solomon Islands
South Africa (also Foreign Ministry)
Suriname
Swaziland (also Foreign Ministry)
Sweden
Switzerland (also Foreign Ministry)
Thailand
The former Yugoslav Republic of Macedonia
Togo
Trinidad and Tobago (also Foreign Ministry)
Turkey
Ukraine (also Foreign Ministry)
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland (also Foreign Ministry)
United Republic of Tanzania
United States of America (also Foreign Ministry)
Uzbekistan
Venezuela
Yemen
Yugoslavia (also Foreign Ministry)

UNITED NATIONS **A**

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PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997

Report of the Secretary-General

1. This report is issued in response to the request of the General Assembly in its resolution 51/220 of 18 December 1996 that the Secretary-General prepare a comprehensive policy paper which would examine all issues related to the question of all additional expenditures referred to in paragraphs 10 and 11 of annex I to Assembly resolution 41/213, including those relating to the maintenance of peace and security, inflation and currency fluctuation.

2. Paragraphs 10 and 11 of annex I to resolution 41/213 read:

> "10. A comprehensive solution to the problem of all additional expenditures, including those deriving from inflation and currency fluctuation, is also necessary. It is desirable to accommodate these expenditures within the overall level of the budget, either as a reserve or as a separate part of the contingency fund set up in paragraph 8 [of the annex]. The Secretary-General should examine all aspects related to the question and report, through the Advisory Committee on Administrative and Budgetary Questions and the Committee for Programme and Coordination, to the General Assembly at its forty-second session.
>
> "11. Pending a decision by the General Assembly on the question dealt with in paragraph 10 above, the revised estimates arising from the impact of extraordinary expenses, including those relating to the maintenance of peace and security, as well as fluctuations in rates of exchange and inflation, shall not be covered by the contingency fund and shall continue to be treated in accordance with established procedures and under the relevant provisions of the Financial Regulations and Rules. The Secretary-General should nevertheless make efforts to absorb these expenditures, to the extent possible, through savings from the programme budget, without causing in any way a negative effect on programme delivery and without prejudice to the utilization of the contingency fund."

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Additional expenditures relating to the maintenance of peace and security

3. Legislative mandates relating to peace and security which are established after the preparation of the proposed programme budget and which give rise to resource requirements have been subject to additional appropriations outside the scope of the contingency fund, in accordance with resolution 41/213. Such mandates have tended to be of limited duration, valid for one year or less at a time, and have rarely, if ever, extended beyond the end of a biennium.

4. As a result, funds appropriated for such mandates in a given biennium have not been carried over to the next biennium. They were relinquished in the context of the proposed programme budget only to be sought again as additional appropriations in the context of revised estimates or statements of programme budget implications when the mandate was renewed or extended. The following table illustrates this point.

	1990-1991	1992-1993		1994-1995		1996-1997		1998-1999
	Revised appropria-tions	Proposed programme budget	Revised appropria-tions	Proposed programme budget	Revised appropria-tions	Proposed programme budget	Revised appropria-tions	Proposed programme budget
ONUVEN (Nicaragua)	2 413.1	(2 413.1)						
Election verifi-cation in Haiti	5 378.0	(5 378.0)						
Afghanistan	13 698.6	(13 698.6)	7 764.3	(7 764.3)	1 854.3	(1 854.3)	5 665.2	(5 665.2)
Central American peace process	70.5	(70.5)	361.5	(361.5)	652.1	(652.1)	629.5	(629.5)
Iran/Iraq			4 368.8	(4 368.8)				
UNOMSA			13 044.9	(13 044.9)	28 215.5	(28 215.5)		
MINUGUA					10 069.0	(10 069.0)	32 880.3	(24 972.2)
MICIVIH					3 987.1	(3 987.1)	9 770.8	(9 770.8)
Burundi					1 094.5	(1 094.5)	1 841.5	(1 841.5)
Burundi, Commission of Inquiry							1 137.4	(1 137.4)
El Salvador							2 154.1	(2 154.1)
Rwanda, Commission of Inquiry							1 186.1	(1 186.1)
Others	934.0	(934.0)	1 604.1	(1 604.1)	4 091.0	(4 091.0)	2 635.7	(2 635.7)
Total	22 494.2	(22 494.2)	27 143.6	(27 143.6)	49 963.5	(49 963.5)	57 900.6	(49 992.5)

5. Given the recurring nature of such requirements over the last few bienniums, albeit not necessarily for the same mandates, the Secretary-General had sought to include in the outline of the programme budget for the biennium 1998-1999 a provision up front that would have obviated the need for seeking additional resources as and when such mandates were renewed or created in the course of that biennium. This proposal was not retained by the General Assembly.

6. The pattern illustrated in the table clearly shows that, biennium after biennium, there is a need for resources for such mandates. Consequently, it is not only desirable but prudent to make provision for such mandates up front. This could be done in two ways. The outline could include such a provision and, subsequently, a one-line provision would be included in the proposed programme budget. That amount would then be appropriated, but its utilization would be subject to individual legislative mandates and approval by the General Assembly as and when it approved or renewed such mandates. Alternatively, the contingency fund could be modified to include two components, one for such mandates and another for those activities currently covered under the contingency fund provision. Of the two alternatives, the first would appear more suitable. It would provide for appropriations at the outset and obviate the need for additional appropriations in connection with the establishment or renewal of mandates.

Additional expenditures deriving from inflation and currency fluctuation

7. The question of additional expenditures deriving from inflation and currency fluctuation and methods of dealing with them has been on the agenda of the General Assembly more than once, and has been the subject of extensive reviews and studies over the years. The problem is complex and there are no easy solutions.

8. The Working Group on Currency Instability composed of 13 Member States, designated by the President of the General Assembly to consider alternative solutions to difficulties resulting from the effect of continuing currency instability and inflation on the budgets of the United Nations system, in its report submitted in September 1974 (A/9773), outlined a number of alternatives. These were reviewed by the General Assembly, which did no more than note that the Working Group had found no generally agreed alternatives to policies already utilized. The subject resurfaced on a number of occasions, but there has been no new development in terms of a solution.

9. The Secretary-General addressed the issue of inflation and currency fluctuation in a report submitted to the General Assembly at its forty-second session (A/42/225 and Add.1), in which he provided an analysis of changes made to the programme budget as a result of changes in rates of inflation and exchange and standard cost adjustments over three bienniums. The report showed that such changes could be as high as $122.7 million, as was the case in the biennium 1982-1983.

10. A number of points were made in the report:

(a) The impact of such adjustments can be such as to make any savings effected in the course of the implementation of the budget totally inadequate to meet them;

(b) Even if it were to be agreed that additional requirements arising from changes in rates of inflation and exchange and standard cost adjustments should be met through reduction of programme activities, the level of savings that might be required (and this could not be known in advance) and the inability of the Organization to effect such savings at short notice would force the

adoption, on a continuing basis, of economy measures such as those that were taken at the time in response to the then financial crisis;

(c) The magnitude of adjustments due to changes in rates of inflation and exchange and standard cost adjustments is such as to make it virtually impossible to foresee from the outset the level of expenditures in a biennium.

11. The report went on to suggest that to determine the maximum level of expenditures at the outset would require a provision for potential changes of a size sufficient to meet all eventualities and that, on the basis of experience in the last few bienniums (1980-1981, 1982-1983, 1984-1985), a provision of $125 million would not appear unreasonable. Such a provision would be made by establishing at the beginning of a biennium, at the time of the adoption of the proposed programme budget, a reserve that would form part of the appropriation as a separate section and would be assessed. Any increases during the biennium, including increases that might arise prior to the approval of the proposed programme budget, would be met from the reserve. At the relevant appropriations stage, such additional requirements would be appropriated under the sections of the budget so affected, and the appropriation for the section relating to the reserve would be reduced commensurately. Where such changes would result in reductions, those reductions would likewise be reflected at the appropriation stage in sections so affected, and the appropriation for the section relating to the reserve would be increased accordingly up to the level approved for the reserve. Once the reserve had been replenished, further reductions would be credited to Member States.

12. The effect of such a procedure would be that increases during a biennium would not result in increases in assessments; these would have been provided for in advance. Should the need arise to replenish the reserve at the beginning of a biennium, however, this could result in sizeable increases in the level of assessment.

13. The Advisory Committee in its related report (A/42/7) expressed the view that the question merited further study and indicated its intention to look at the matter closely with a view to formulating specific recommendations to the Assembly at its forty-third session. The Committee expressed the view that, pending those recommendations, and in view of the particularly volatile situation with regard to currencies at that time, the adjustment system then in place should be maintained.

14. In its report to the General Assembly at its forty-third session (A/43/929), the Committee highlighted the difficulties inherent in forecasting currency and inflation. The Committee reviewed the practices of specialized agencies in this respect and went on to outline the variety of methods that were in use. The Committee concluded that there was an unavoidable cost to mitigating the effects of inflation and currency fluctuation. The Committee suggested that, faced with the situation, the General Assembly might wish to consider the continuation of the current system whereby the estimate of requirements is adjusted annually on the basis of the latest forecast by the Secretary-General of inflation and exchange rates.

15. The Committee quoted the Secretary-General's conclusion in his report (A/42/225 and Add.1), to the effect that, in the circumstances, it would appear that the current method of dealing with such adjustments, that is, increasing the appropriations and assessments whenever they give rise to additional expenditure and reducing the appropriations and assessments whenever they give rise to reductions might still be the least inconvenient way of dealing with such changes.

16. On the other hand, the Committee also pointed out that if the General Assembly decided to proceed with seeking a comprehensive solution to the problem, a mechanism to achieve a greater degree of certainty than then existed could be explored. Such a mechanism could be the establishment of a reserve that would cover additional requirements due to currency fluctuation, non-staff cost inflation and statutory cost increases for staff. The General Assembly in its resolution 43/214 agreed to the concept of a reserve to cover additional requirements due to currency inflation, inflation in non-staff costs and statutory cost increases for staff, and requested the Secretary-General to formulate a set of procedures for the operation of the reserve fund.

17. The General Assembly further decided to address, at its forty-fourth session, the question of setting up such a reserve for the biennium 1990-1991. In response to that request, the Secretary-General submitted a report on the establishment and operation of a reserve fund (A/44/665).

18. In that report, the Secretary-General recalled that in his earlier report (A/42/225 and Add.1) he had addressed the practical impossibility of absorbing such additional expenditures, given their potential magnitude and the inability to foresee them with any degree of precision. He went on to state that the purpose of the reserve fund, therefore, would seem to be to minimize, during any given biennium, and to the extent possible, changes in the level of the programme budget resulting from variations in the forecast included in the programme budget in respect of currency fluctuation, inflation in non-staff costs and statutory cost increases for staff or, as stated by the Advisory Committee in its report (A/43/929), to achieve a greater degree of certainty than then existed.

19. Seen in this context, the reserve fund must be established at a level adequate to meet the additional requirements that may arise, namely, those deriving from variations in the forecast included in the programme budget in respect of currency fluctuation, inflation in non-staff costs and statutory cost increases for staff. By definition, however, such requirements can be projected but not accurately determined.

20. The Secretary-General went on to state that if predictability and, hence, greater certainty, which is at the core of the new budget process, were to be assured by the determination at the outset of the level of resources to be available for a given biennium, such a reserve would need to be funded. The establishment of a reserve as a notional amount and the seeking of additional appropriations as and when warranted by variations in the forecast included in the programme budget in respect of currency fluctuation, inflation in non-staff costs and statutory cost increases for staff would be tantamount to the continuation of the present arrangements.

21. The report identified two possible ways to establish and fund a reserve: either as a separate fund outside the programme budget or as a section within the programme budget. In either case it would be funded though assessed contributions.

22. The Advisory Committee in its related report (A/44/729) expressed a number of difficulties with the concept put forward by the Secretary-General. The Committee pointed out that the idea of financing the reserve fund from the outset through assessment, even before the need for recourse to it had been identified, would seem to present Member States with an unnecessary additional burden. The Committee went on to point out that, on the basis of the proposal of the Secretary-General, Member States would not have, early in the budget process, a more precise idea of the final total amount to be paid than was currently the case and, in addition, would have to pay in advance for requirements that might or might not materialize.

23. The Committee recommended that consideration of a reserve fund should be deferred until the forty-sixth session, at which time it should be taken up again on the basis of a further report by the Secretary-General. The Assembly, in its resolution 44/200 B, decided to keep the question of a comprehensive solution to the problem of all additional expenditures, including those deriving from inflation and currency fluctuation, under consideration and to consider it again at its forty-sixth session. The Assembly did not however revert to the question at its forty-sixth session.

24. The establishment of an outline of the programme budget and a contingency fund under General Assembly resolution 41/213 reflected the desire of Member States to know at the outset of a biennium the level of resources that would be required during that biennium. That goal has been partially achieved. The Secretary-General, through the outline, is given a guideline to proceed. The initial level of the budget and the potential addition through the mechanism of the contingency fund are known in advance. Subsequent changes due to inflation and currency fluctuation have given rise to automatic adjustment in the budget. The renewed call to address this issue again may be seen as a desire for greater predictability.

25. Changes in respect of inflation and currency fluctuation over the previous and current bienniums are as follows:

	Currency fluctuation	Inflation and standard cost adjustments	Total
	(Millions of United States dollars)		
1994-1995 biennium			
Proposed programme budget	(22.2)	281.5	259.3
Initial appropriations	(51.0)	(41.6)	(92.6)
Revised appropriations	66.1	(92.5)	(26.4)
Final appropriations	45.7	7.3	53.0
Total	38.6	154.6	193.2
1996-1997 biennium			
Proposed programme budget	20.9	156.0	176.9
Initial appropriations	91.0	(1.1)	89.9
Revised appropriations	(60.1)	5.1	(55.0)
Total	51.8	160.0	211.8

26. What these figures reveal - or rather confirm - is that changes due to currency fluctuation and inflation are significant. Furthermore, currency fluctuations are volatile and unpredictable, and may result in increased requirements or in reductions. These can be substantial but cannot be foreseen in advance.

27. To ensure greater predictability and minimize, during any given biennium and to the extent possible, changes in the level of the programme budget resulting from currency fluctuation, inflation in non-staff costs and statutory cost increases for staff or, as stated by the Advisory Committee in its report (A/43/929), to achieve a greater degree of certainty than now exists, two possible courses of action may be envisaged. The first would be to absorb the costs of increases resulting from inflation and currency fluctuation. In view of the amounts involved, the absorption of such costs would lead to a significant erosion in the real volume of resources available in the programme budget. The issue is compounded by the nature of currency fluctuations. As these cannot be foreseen in advance, and since the Organization is unable to effect savings of a significant magnitude at short notice, it would be necessary to initiate at the outset of a biennium savings measures such as those that have been required to comply with resolution 50/214 in the current biennium. This alternative does not appear desirable.

28. The second possible course would be the establishment of a reserve fund as initially envisaged by the Secretary-General in his report to the General Assembly at its forty-fourth session (A/44/665). The reserve could be funded from assessed contributions and replenished through savings due to variations in

the forecast included in the programme budget in respect of currency fluctuation, inflation in non-staff costs and statutory cost increases for staff or through further assessed contributions, as necessary. At the relevant appropriations stages, the adjustments resulting from such variations in the forecast would be submitted to the General Assembly for approval. The amount approved by the Assembly would be included in the appropriations. When the adjustments represented additional requirements, they would be funded through the reserve. When they represented net reductions, they would be credited to the reserve up to the approved level of the reserve. Any surplus beyond that level would be credited to Member States. At the beginning of each biennium, the reserve would be replenished to its approved level, such replenishment to be effected through assessed contributions if necessary.

29. The disadvantage of such a system is, as has been pointed out by the Advisory Committee, that Member States could be presented with an unnecessary financial burden, having to pay in advance assessments that might prove to be unnecessary.

30. Under the circumstances, the current mechanism for dealing with inflation and currency fluctuation may still be the most appropriate.